



# The Real Estate TRENDS

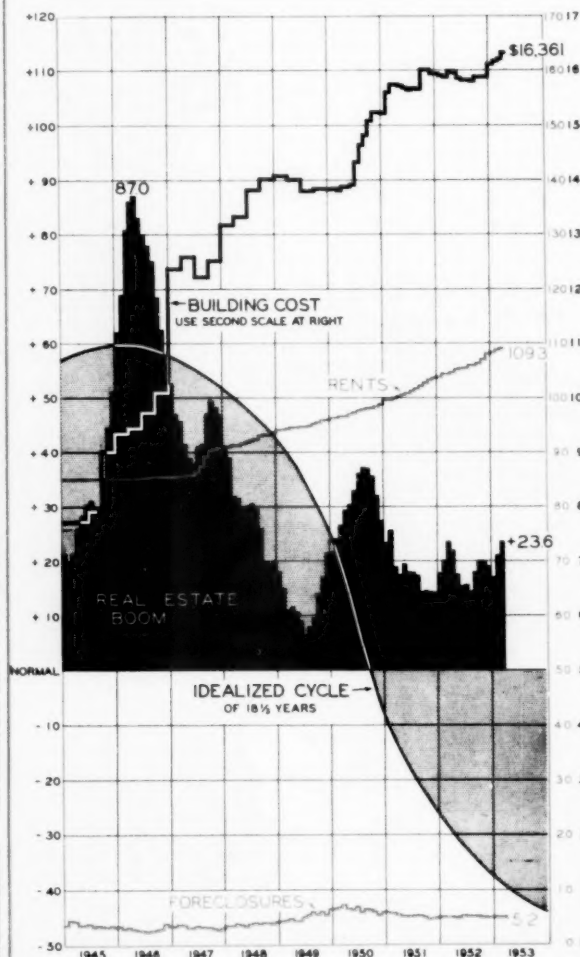
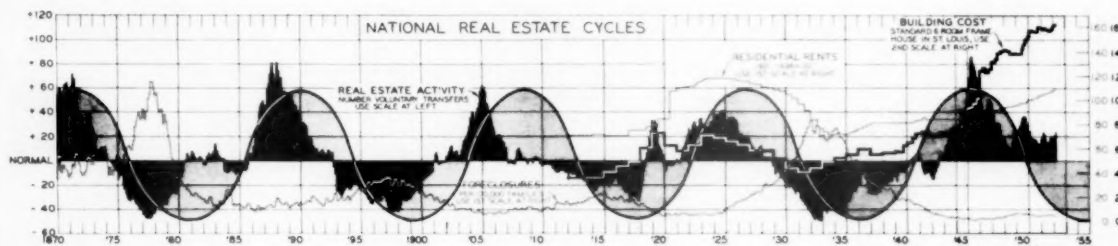
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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS



## REAL ESTATE ACTIVITY

Up somewhat from its February level. Now at its highest point in 2 years. Short-term outlook good.

## REAL ESTATE MORTGAGE ACTIVITY

Still at a high rate, although down slightly from the February level. Outlook is for a very active spring.

## REAL ESTATE SALES PRICES

No change in March from the February level. Outlook is for a slow drop.

## RESIDENTIAL CONSTRUCTION VOLUME

Private starts in first quarter of 1953 about 600 units ahead of first quarter of 1952. Outlook good for close to 1,000,000 units this year.

## RESIDENTIAL CONSTRUCTION COSTS

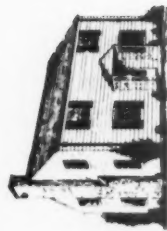
Slowly creeping up. Outlook is for slight increases. Declines, if any, will be small.

## INTEREST RATES

Rising slowly. Increase in FHA-VA rates could come at any time.

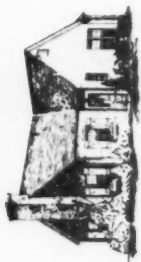
# Construction Costs in Selected Years

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SIX-ROOM FRAME HOUSE

|         | Sq. ft.  | cost   |
|---------|----------|--------|
| 1939    | \$ 5,671 | \$3.44 |
| 1951 Ja | 15,247   | 9.24   |
| Ap      | 15,767   | 9.56   |
| Jl      | 15,655   | 9.49   |
| O       | 16,026   | 9.71   |
| 1952 Ja | 15,965   | 9.68   |
| F       | 15,934   | 9.66   |
| Mr      | 15,895   | 9.63   |
| Ap      | 16,005   | 9.70   |
| My      | 15,986   | 9.69   |
| Je      | 15,876   | 9.62   |
| Jl      | 15,850   | 9.61   |
| Ag      | 15,850   | 9.61   |
| S       | 15,837   | 9.60   |
| O       | 15,914   | 9.64   |
| N       | 15,914   | 9.64   |
| D       | 15,914   | 9.64   |
| 1953 Ja | 16,132   | 9.78   |
| F       | 16,195   | 9.82   |
| Mr      | 16,234   | 9.84   |
| Ap      | 16,361   | 9.92   |



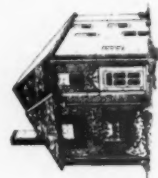
FIVE-ROOM BRICK VENEER

|         | Sq. ft.  | cost    |
|---------|----------|---------|
| 1939    | \$ 5,442 | \$ 4.66 |
| 1951 Ja | 14,063   | 12.07   |
| Ap      | 14,236   | 12.22   |
| Jl      | 14,169   | 12.16   |
| O       | 14,574   | 12.51   |
| 1952 Ja | 14,534   | 12.48   |
| F       | 14,513   | 12.46   |
| Mr      | 14,475   | 12.42   |
| Ap      | 14,523   | 12.47   |
| My      | 14,512   | 12.46   |
| Je      | 14,407   | 12.37   |
| Jl      | 14,413   | 12.37   |
| Ag      | 14,423   | 12.38   |
| S       | 14,420   | 12.38   |
| O       | 14,440   | 12.39   |
| N       | 14,440   | 12.39   |
| D       | 14,440   | 12.39   |
| 1953 Ja | 14,603   | 12.53   |
| F       | 14,624   | 12.55   |
| Mr      | 14,649   | 12.57   |
| Ap      | 14,788   | 12.69   |



CALIFORNIA-TYPE BUNGALOW

|         | Sq. ft. | cost   |
|---------|---------|--------|
| 1939    | \$3,392 | \$3.42 |
| 1951 Ja | 8,764   | 8.83   |
| Ap      | 8,960   | 9.03   |
| Jl      | 8,921   | 8.99   |
| O       | 9,136   | 9.21   |
| 1952 Ja | 9,052   | 9.12   |
| F       | 9,035   | 9.11   |
| Mr      | 9,009   | 9.08   |
| Ap      | 9,073   | 9.15   |
| My      | 9,070   | 9.14   |
| Je      | 8,991   | 9.06   |
| Jl      | 8,989   | 9.06   |
| Ag      | 8,993   | 9.07   |
| S       | 9,029   | 9.10   |
| O       | 9,029   | 9.10   |
| N       | 9,029   | 9.10   |
| D       | 9,029   | 9.10   |
| 1953 Ja | 9,106   | 9.18   |
| F       | 9,162   | 9.24   |
| Mr      | 9,192   | 9.27   |
| Ap      | 9,243   | 9.32   |



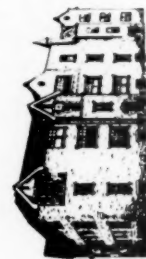
SIX-ROOM BRICK

|         | Sq. ft.  | cost    |
|---------|----------|---------|
| 1939    | \$ 6,092 | \$ 4.01 |
| 1951 Ja | 16,070   | 10.57   |
| Ap      | 16,377   | 10.77   |
| Jl      | 16,396   | 10.79   |
| O       | 17,003   | 11.19   |
| 1952 Ja | 16,930   | 11.14   |
| Ap      | 16,897   | 11.12   |
| Jl      | 16,808   | 11.06   |
| O       | 16,836   | 11.08   |
| 1953 Ja | 16,895   | 11.12   |
| Ap      | 17,137   | 11.27   |

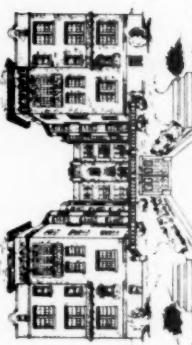


COMMERCIAL BUILDING

|         | Sq. ft.  | cost   |
|---------|----------|--------|
| 1939    | \$19,474 | \$2.41 |
| 1951 Ja | 48,687   | 6.03   |
| Ap      | 49,057   | 6.08   |
| Jl      | 48,980   | 6.07   |
| O       | 50,580   | 6.26   |
| 1952 Ja | 50,861   | 6.30   |
| Ap      | 50,977   | 6.31   |
| Jl      | 50,745   | 6.28   |
| O       | 50,933   | 6.31   |
| 1953 Ja | 51,384   | 6.36   |
| Ap      | 52,112   | 6.45   |



18-FAMILY APARTMENT



30-FAMILY APARTMENT

|         | Sq. ft.   | cost    |
|---------|-----------|---------|
| 1939    | \$ 57,123 | \$ 4.30 |
| 1951 Ja | 153,009   | 11.54   |
| Ap      | 156,064   | 11.77   |
| Jl      | 156,161   | 11.78   |
| O       | 161,109   | 12.15   |
| 1952 Ja | 160,500   | 12.10   |
| Ap      | 159,778   | 12.05   |
| Jl      | 159,272   | 12.01   |
| O       | 159,393   | 12.02   |
| 1953 Ja | 160,035   | 12.07   |
| Ap      | 163,048   | 12.30   |

## REAL ESTATE ACTIVITY

During March, real estate activity picked up a bit, sending our national index to 23.6 points above normal. This is the highest level the index has occupied since February 1951, when it stood at 25.4.

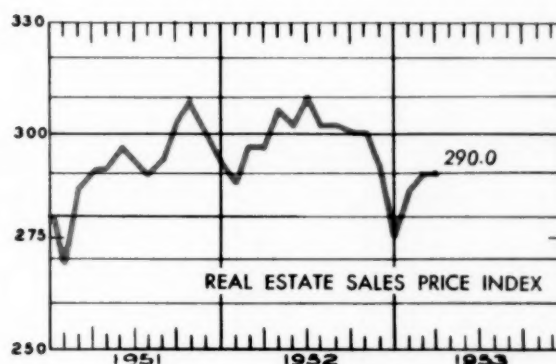
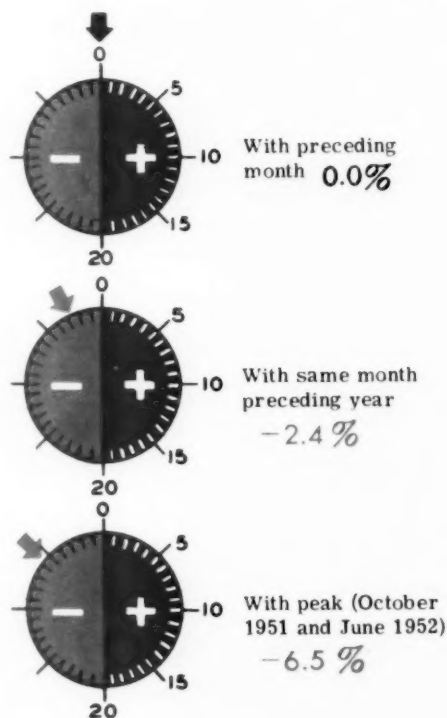
It is unusual for the real estate market to display the stability it has for the past 2 years. During that period it has bobbed around within a very narrow range. The difference between the high point and low point of this 2-year period has been only 8%. The outlook for the remainder of the year is for a continuation of this relative stability, with any significant downturns coming in the fall.

## REAL ESTATE MORTGAGE ACTIVITY

Although down seven-tenths of a point from its February level, our national mortgage index continues to indicate high activity. Its present level of 201.5 is considerably above the level of last March of 186.1, and augurs well for the spring and summer volume.

Savings and loan associations will continue to increase their already sizable share of the mortgage business. It would not be surprising to see them equal or exceed their record-breaking year of 1952.

## REAL ESTATE SALES PRICE COMPARISONS IN MARCH 1953



| Date                     | Selling price index | Probable selling price of a house that sold for \$5,000 in 1939 |
|--------------------------|---------------------|---|
| 1939                     | 100                 | \$ 5,000  |
| 1940 (2nd half)          | 110                 | 5,500   |
| June '52 & Oct. '51 peak | 310                 | 15,500  |
| Dec. '52                 | 276                 | 13,800  |
| Jan. '53                 | 287                 | 14,350  |
| Feb. '53                 | 290                 | 14,500  |
| Mar. '53                 | 290                 | 14,500  |

## REAL ESTATE SALES PRICES AND RESIDENTIAL CONSTRUCTION COSTS

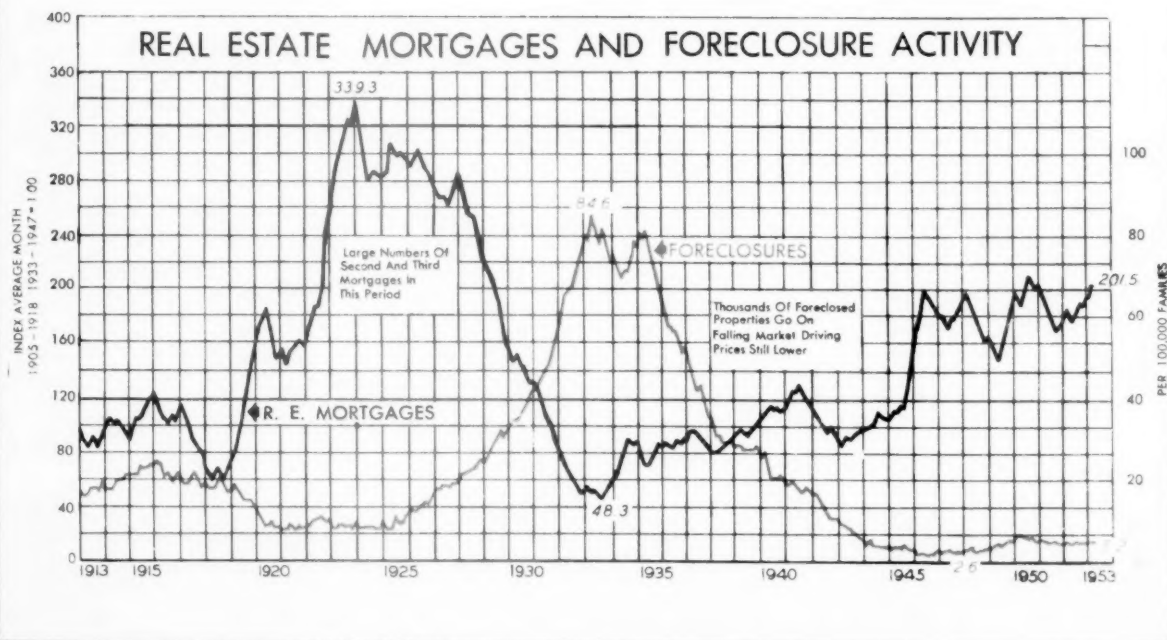
As indicated by our barometer on page 187, real estate sales prices showed no change during March. Our guess is that the sales prices of older homes will continue their slow downward trend as the year runs out. New home sales prices will be more stable, but if they change the direction will be down, for we believe that builders must continue to shave their profit margins. Only in unusual cases will the builder be able to pass cost increases along to the purchaser. Once this is generally recognized, cost increases will come to a stop.

Residential construction costs have also been unusually stable for the past 2 years. During this time they have followed a slow upward drift amounting to a shade less than 4%. While we do not look for a significant drop in construction costs during this year, we believe that the probabilities favor a small decline by year-end.

## RESIDENTIAL CONSTRUCTION VOLUME

During the first quarter of this year there were 227,400 private nonfarm dwelling units started. This is 600 units ahead of the same period in 1952.

(cont. on page 192)





**PERCENTAGE OF MORTGAGES MADE AT VARIOUS  
INTEREST RATES IN SELECTED CITIES**

Average  
interest  
rate

|                       |        |      | 4    | 4 $\frac{1}{4}$ | 4 $\frac{1}{2}$ | 4.8 | 5    | 5 $\frac{1}{2}$ | 6    | 6 $\frac{1}{2}$ | 7   | 7 $\frac{1}{2}$ | 8   | rate |
|-----------------------|--------|------|------|-----------------|-----------------|-----|------|-----------------|------|-----------------|-----|-----------------|-----|------|
| Bridgeport,<br>Conn.  | March  | 1952 | 14.6 | 13.5            | 1.1             | 0   | 63.5 | 0               | 6.2  | 0               | 1.1 | 0               | 0   | 4.83 |
|                       | August |      | 17.0 | 10.9            | 1.6             | 0   | 62.7 | 0               | 7.8  | 0               | 0   | 0               | 0   | 4.82 |
|                       | March  | 1953 | 10.0 | 24.0            | 3.0             | 0   | 50.0 | 0               | 13.0 | 0               | 0   | 0               | 0   | 4.84 |
| Boston,<br>Mass.      | March  | 1952 | 22.4 | 0.7             | 20.4            | 0   | 24.3 | 1.3             | 28.8 | 0.7             | 0.7 | 0               | 0.7 | 5.01 |
|                       | August |      | 27.5 | 0               | 13.6            | 0   | 27.8 | 1.2             | 26.0 | 0               | 0   | 0               | 3.9 | 5.04 |
|                       | March  | 1953 | 19.1 | 0               | 28.1            | 0   | 28.8 | 0.7             | 22.6 | 0               | 0.7 | 0               | 0   | 4.91 |
| Decatur,<br>Ill.      | March  | 1952 | 36.1 | 5.6             | 5.6             | 0   | 28.4 | 9.7             | 14.6 | 0               | 0   | 0               | 0   | 4.76 |
|                       | July   |      | 3.4  | 4.2             | 4.2             | 0   | 51.7 | 9.3             | 25.4 | 0               | 1.8 | 0               | 0   | 5.25 |
|                       | *      |      |      |                 |                 |     |      |                 |      |                 |     |                 |     |      |
| Hartford,<br>Conn.    | March  | 1952 | 3.3  | 14.1            | 21.7            | 0   | 43.5 | 1.1             | 16.3 | 0               | 0   | 0               | 0   | 4.92 |
|                       | August |      | 12.6 | 6.3             | 29.7            | 0   | 33.3 | 1.0             | 15.3 | 0               | 0   | 0               | 1.8 | 4.89 |
|                       | March  | 1953 | 19.7 | 13.2            | 14.3            | 0   | 34.1 | 2.2             | 16.5 | 0               | 0   | 0               | 0   | 4.81 |
| Houston,<br>Tex.      | March  | 1952 | 32.6 | 13.8            | 2.3             | 0   | 15.6 | 1.5             | 23.8 | 0               | 4.3 | 0               | 6.1 | 5.07 |
|                       | August |      | 23.6 | 16.3            | 2.0             | 0   | 23.6 | 1.5             | 21.7 | 0.3             | 3.5 | 0               | 7.5 | 5.16 |
|                       | March  | 1953 | 26.3 | 17.6            | 3.3             | 0   | 13.0 | 2.2             | 28.7 | 0.7             | 3.0 | 0               | 5.2 | 5.11 |
| Jacksonville,<br>Fla. | March  | 1952 | 19.6 | 12.9            | 0.4             | 0   | 12.3 | 1.7             | 49.9 | 0               | 1.0 | 0               | 2.2 | 5.29 |
|                       | August |      | 15.2 | 14.4            | 2.3             | 0   | 14.6 | 2.1             | 45.8 | 0.1             | 1.8 | 0               | 3.7 | 5.35 |
|                       | March  | 1953 | 8.3  | 16.4            | 2.5             | 0   | 16.9 | 2.2             | 49.2 | 0.1             | 1.8 | 0               | 2.6 | 5.40 |
| Little Rock,<br>Ark.  | March  | 1952 | 8.9  | 33.6            | 2.6             | 0   | 19.9 | 4.7             | 27.7 | 0               | 0.5 | 0               | 2.1 | 5.02 |
|                       | August |      | 10.5 | 34.3            | 5.7             | 0   | 25.7 | 0.9             | 21.0 | 0               | 0   | 0               | 1.9 | 4.88 |
|                       | Feb.   | 1953 | 16.1 | 30.2            | 2.5             | 0   | 17.6 | 1.5             | 26.1 | 0               | 2.5 | 0               | 3.5 | 5.02 |
| New Haven,<br>Conn.   | March  | 1952 | 19.5 | 0.8             | 22.0            | 0   | 39.0 | 0               | 17.9 | 0.8             | 0   | 0               | 0   | 4.88 |
|                       | August |      | 24.8 | 8.3             | 12.7            | 0   | 33.1 | 1.3             | 19.1 | 0               | 0   | 0               | 0.7 | 4.84 |
|                       | March  | 1953 | 21.6 | 1.7             | 12.9            | 0   | 42.2 | 1.8             | 19.8 | 0               | 0   | 0               | 0   | 4.91 |
| New York,<br>N. Y.    | Feb.   | 1952 | 10.5 | -               | 17.7            | -   | 50.8 | 2.0             | 19.0 | -               | -   | -               | -   | 5.01 |
|                       | July   |      | 7.4  | -               | 21.2            | -   | 44.2 | 6.4             | 20.8 | -               | -   | -               | -   | 5.07 |
|                       | Feb.   | 1953 | 9.3  | -               | 18.5            | -   | 52.4 | 2.8             | 17.0 | -               | -   | -               | -   | 5.00 |
| Portland,<br>Maine    | March  | 1952 | 9.1  | 8.6             | 27.9            | 0   | 40.6 | 0               | 13.2 | 0               | 0.6 | 0               | 0   | 4.85 |
|                       | June   |      | 9.5  | 5.6             | 5.3             | 0   | 67.3 | 0               | 12.3 | 0               | 0   | 0               | 0   | 4.96 |
|                       | *      |      |      |                 |                 |     |      |                 |      |                 |     |                 |     |      |
| Reading,<br>Pa.       | March  | 1952 | 25.7 | 0.7             | 4.9             | 0   | 56.9 | 2.3             | 9.5  | 0               | 0   | 0               | 0   | 4.82 |
|                       | July   |      | 26.2 | 1.5             | 11.3            | 0   | 54.2 | 0.6             | 6.2  | 0               | 0   | 0               | 0   | 4.74 |
|                       | *      |      |      |                 |                 |     |      |                 |      |                 |     |                 |     |      |
| St. Louis,<br>Mo.     | March  | 1952 | 5.9  | 4.5             | 5.4             | 0   | 30.4 | 3.5             | 49.0 | 0               | 1.0 | 0               | 0.3 | 5.42 |
|                       | August |      | 3.5  | 6.5             | 3.3             | 0.4 | 32.6 | 2.3             | 49.7 | 0.1             | 0.8 | 0               | 0.8 | 5.45 |
|                       | March  | 1953 | 2.9  | 5.0             | 3.5             | 0   | 29.7 | 3.4             | 54.3 | 0.1             | 0.7 | 0.2             | 0.2 | 5.50 |
| St. Louis Co.,<br>Mo. | March  | 1952 | 13.2 | 15.9            | 9.6             | 0.1 | 31.7 | 2.6             | 25.7 | 0               | 0.3 | 0               | 0.9 | 5.00 |
|                       | August |      | 10.9 | 17.9            | 7.5             | 0.3 | 31.6 | 2.2             | 28.9 | 0.2             | 0.1 | 0               | 0.4 | 5.04 |
|                       | March  | 1953 | 13.6 | 19.1            | 8.9             | 0.2 | 30.7 | 2.4             | 24.3 | 0.4             | 0.1 | 0               | 0.3 | 4.95 |
| Waterbury,<br>Conn.   | March  | 1952 | 23.0 | 0.9             | 0.9             | 0   | 65.5 | 0               | 9.7  | 0               | 0   | 0               | 0   | 4.86 |
|                       | August |      | 20.6 | 1.6             | 0               | 0   | 73.0 | 0               | 4.8  | 0               | 0   | 0               | 0   | 4.83 |
|                       | March  | 1953 | 29.2 | 1.2             | 0               | 0   | 59.8 | 0               | 9.8  | 0               | 0   | 0               | 0   | 4.80 |

## CAN PUBLIC HOUSING BE PUT WHERE IT BELONGS ?

**S**ELDOME has any group faced such a challenge as the one confronting the real estate industry today. It is not a new challenge. It was first voiced more than 20 years ago, but it is a challenge that has gone largely unanswered. It is the challenge of public housing and its ultimate threat to property values throughout the country. To be sure, the real estate industry has vigorously opposed public housing, and rightly so, but all too often this opposition has taken the form of captious criticism without moving one step toward correcting the conditions from which public housing draws its strength. That is the real challenge - to clean out the slums and halt the blight - and it cannot be answered by simply fighting public housing.

In some cities, real estate groups have plucked tentatively at the gauntlet. In a few others they have grasped it firmly, but in most cities the slums remain and blight moves through the streets from block to block.

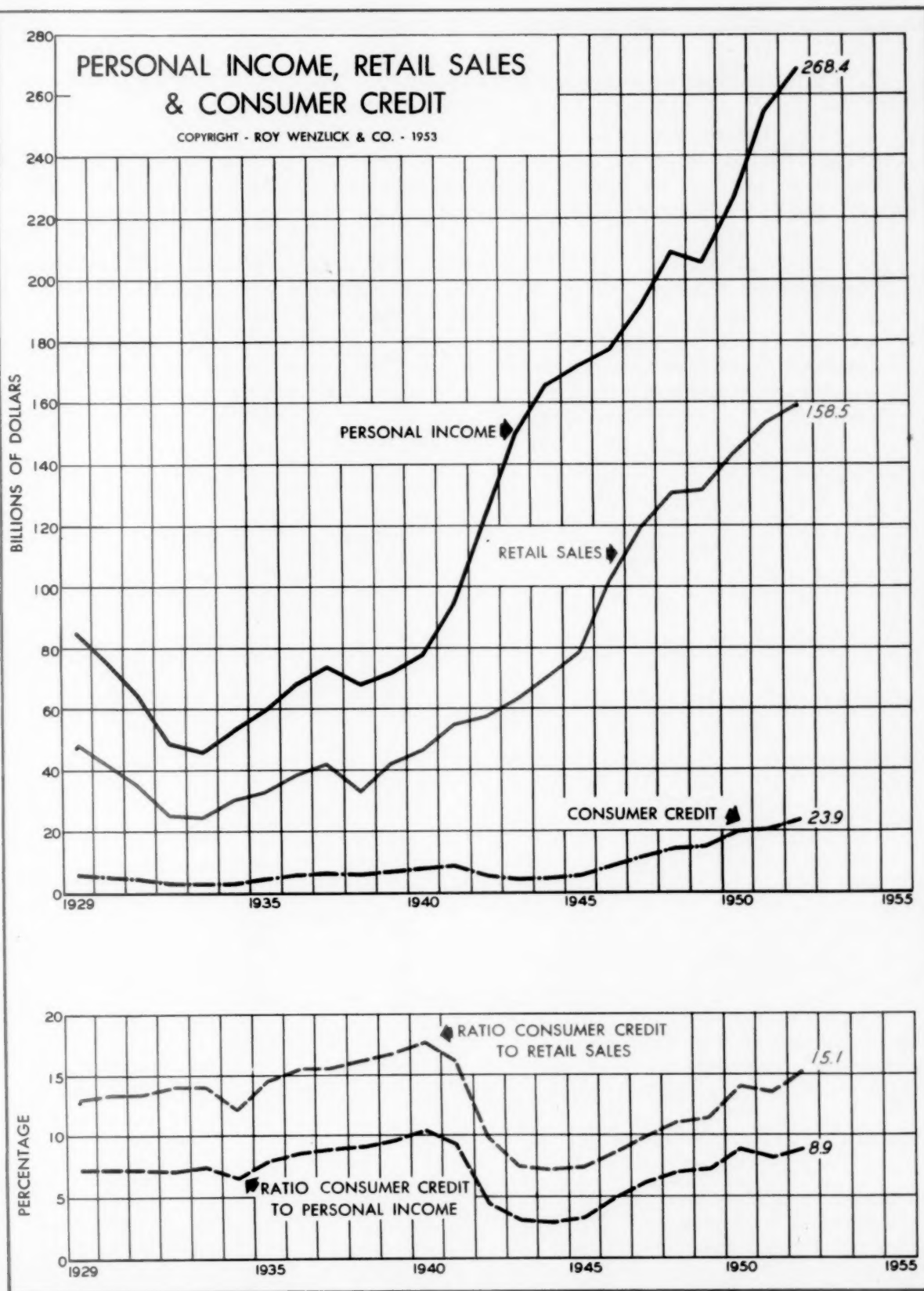
This is a job that must be done at the local level. The rehabilitation of the slums and the control of blight are the responsibility of local real estate and mortgage groups. The National Association of Real Estate Boards cannot do it. No national group can. It is a local problem with all of the peculiarities and ramifications of a local problem. NAREB can point the way, and has done so.\* NAREB can provide advice and suggest courses of action, and it has done that, too. NAREB can list the advantages of slum clearance and the disadvantages of the status quo, and it can spell out the dangers to property values and private ownership inherent in public housing, and it has certainly done that.

The leadership, however, will have to come from the local real estate and lending groups. These groups are without question the best qualified from the standpoint of experience. They also have the most to lose by continued spread of blight and the encroachments of public housing. Likewise, they have the most to gain through a sound rehabilitation plan.

Even though the public housing program has recently run into difficulty, this much is certain. The rehabilitation and redevelopment of our central cities will be accomplished. Whether it will be done, as it should be, under the leadership of local Realtors and lenders, or by a resurrected public housing movement, is a question only the local real estate interests can answer. They and only they can put public housing where it belongs, locked in the closet with the key thrown away.

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\*"A Primer on Rehabilitation Under Local Law Enforcement," published by the National Association of Real Estate Boards, 1737 K Street, N. W., Washington, D. C. Price - 25¢.



(cont. from page 188)

Total starts in the first quarter of this year were slightly behind the total for the same period in 1952 because there were more public housing units started last year. It seems to us that the 1,000,000 mark may certainly be approached during 1953, but we can't quite agree with the recent estimates of 1,200,000. This total would require virtually a million starts during the last 9 months of the year, and this volume just doesn't seem to be in the cards.

#### INTEREST RATES

It is doubtful that the expected rise in FHA-VA interest rates will have any profound effect on the over-all volume of mortgages. There will be a shift away from conventionals toward FHA-VA loans, but even this shift will probably not be drastic or of great duration. The rise in rates, when it comes, will only help government-backed loans catch up with the recent rate rises in conventionals. It will not make their competitive position any better than it was in early 1951.